

ORIGIN/ACTION

DEPARTMENT OF STATE

5 **AIRGRAM**

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HANDLING INDICATOR

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TO : Department of State

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FROM : American Embassy Tripoli

DATE: August 13, 1973

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SUBJECT: Nationalization of Occidental Libya Oil Company in the Libyan Arab Republic

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REF: *LIBYA CONCERN*

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Enclosed is a copy of the Libyan Press Review (Special Supplement) of August 13, 1973.

The Supplement spells out the 15 Articles of the Law which nationalized 51 percent of the interests of Occidental of Libya, Inc., effective August 11, 1973.

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY *JOSEF*DATE *11/17/87*RDS ☐ or XDS ☐ EXT. DATE

TS AUTH. REASON(S)

ENDORSE EXISTING HANDLING ☒DECLASSIFIED ☐ UNCLASSIFIED ☒RELEASE DENIED ☐

PA or FOI EXEMPTIONS

Enclosure:

6 pages - Libyan Press Review

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Drafted by:

ECON:FRAnderson

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PUBLISHED BY SEPTIMUS KHAJIRI AND YUSUF KHAJIRI

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AN LPR SPECIAL SUPPLEMENT

AL ITNEIN -14th Rajab, 1393 H.Y. - Monday - 13th August, 1973 A.D.

THE REVOLUTIONARY COMMAND COUNCIL'S LAW NATIONALIZING 51% INTERESTS OF OCCIDENTAL OF LIBYA INC.,

IN THE NAME OF THE PEOPLE

THE REVOLUTIONARY COMMAND COUNCIL :

Having seen the Constitutional Declaration No. 1 issued
on 2nd Shaw'wal, 1389H, corresponding to 11th December, 1969,

The Petroleum Law No. 25 for the year 1955, as amended,
Law No. 24 for the year 1970 on the National Oil
Corporation, as amended.,

The Commercial Code.,

Law No. 65 for the year 1970 establishing certain
provisions relating to traders and commercial firms and the
control thereupon, and having seen:

The Concession Agreements No. 102 and 103 and the
agreements amending, completing and relating thereto and,

Acting of what has been presented by the Prime Minister
and with the consent of the Council of Ministers,

DO HEREBY ISSUE THE FOLLOWING LAW :

ARTICLE (1) :

The ownership of 51% of all the funds, rights, assets,
interests, shares, activities and other interests of any form owned
by Occidental of Libya Inc., in relation to Concessions 102 and 103
shall be nationalized and become the property of the State .

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ART. (1) .. CONTD.

In particular ,this shall include the installations and facilities pertaining to the exploration,drilling and extraction of crude oil and natural gas and their derivatives, transportation, utilization,purification,storage and exportation ,including the wells and joint production units ,pipelines and reservoirs, pipe-lines and terminals and other assets and rights.

Occidental of Libya Inc., shall be solely responsible for all liabilities,debts and claims made by any person or any liability due to any person relating to the company's activities prior to the effective date of this Law .The Government shall in no way ,be responsible for such liabilities, debts or claims.

ARTICLE (2) :

In lieu of funds, rights and assets passed to the State in accordance with Article (1) ,the State shall pay to the company concerned a Compensation .The said compensation shall be determined by a committee to be established by a resolution issued by the Minister of Petroleum , in the following manner :

- a. An Advisor from the Appeal court to be nominated by the Minister of Justice .. as Chairman .
- b. a representative to be nominated by the Minister of Petroleum from the National Oil Corporation , as a member. .
- c. A representative of the Ministry of Treasury to be nominated by the Minister of Treasury , as a member. .

The Committee may ,however invite to its meetings any person, being an official or otherwise ,whose assistance may be deemed useful. .

ARTICLE (3) :

By virtue of a resolution issued by the Minister of Petroleum, a committee or committees shall be appointed to carry out the inventory and taking over of the nationalized funds and assets of the Company.

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ART. (3) ..CCNTD.

The decisions of such Committee/s shall be approved by a resolution issued by the Chairman and Director General of the National Oil Corporation .

ARTICLE (4) :

The Local Manager of the Occidental of Libya Inc., shall prepare a declaration showing the financial position of the Company as on the day preceeding the effective date of this Law based upon the books of the Company .The Declaration shall be forwarded to the Companies' Accounts Department of the Ministry of Petroleum for examination .For the purpose of performing its duties ,the said Department may request the Company to provide any information or documents ,and shall forward the declaration accompanied by its remarks to the Minister of Petroleum.

ARTICLE (5) :

By virtue of a resolution issued by the Minister of Petroleum, any contract, commitment or any legal relation of any form that may affect the value of the nationalized funds and rights or ,the continuation of which may affect the appropriate conditions for operation or investment ,may be cancelled.

ARTICLE (6) :

The funds,assets and rights of the Occidental of Libya Inc., owned by the State in accordance with the provisions of Article (1) shall be transfered to the National Oil Corporation.

ARTICLE (7) :

Occidental of Libya Inc., shall continue to exercise its current activities and, by virtue of a resolution issued by the Minister of Petroleum ,a management committee shall be appointed for this Company comprising three members ,two including the Chairman thereof to represent the Government ,whilst the third represents the Company .The local manager of the Company shall

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ART. (7) .. CONTD. .

BE considered a member of the management Committee unless the Company appoints another person as a member in the said Committee.

The said Committee shall be responsible for managing the affairs of the Company, represent the Company before others as well as before the Law, in addition to controlling operation in the nationalized areas.

The Committee's decisions shall be adopted by a majority vote. Its decisions shall become effective upon issue.

ARTICLE (8) :

The parent Company of Occidental Libya Inc., shall undertake to continue providing the services usually rendered to the Company whenever requested by the Management Committee referred to in the preceding Article.

The services prescribed in the preceding paragraph shall include the technical, financial, economic, advisory or legal services in addition to providing the experience and training as well as other services relating to the nationalized activities.

ARTICLE (9) :

The nationalized areas of the concessions shall be invested by the National Oil Corporation in participation with Occidental of Libya Inc., with the Corporation's participation share being 51% thereof, whilst that of Occidental of Libya Inc., is 49% thereof.

Occidental of Libya Inc., shall operate and conduct the operations on behalf of the two parties, provided operation is subject to the control of the Management Committee, in accordance with the provisions of Article (7).

The Minister of Petroleum may during a period not exceeding one year as from the effective date of this Law issue a resolution establishing a non-profitable Libyan Incorporated Company, wholly owned by the National Oil Corporation to carry

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..out ,operate and conduct the operations of the nationalized areas on behalf of the two parties.

ARTICLE (10) :

The National Oil Corporation and Occidental of Libya Inc., each in proportion to their respective share ,as prescribed in the preceeding Article ,shall pay to the Ministry of Treasury of the State , through the Ministry of Petroleum ,all the fees,rents, royalties, income taxes, surtaxes and supplementary payments due therefrom as from the effective date of this Law ,in accordance with the provisions of the Petroleum Law ,the above mentioned Concession agreements and the agreements amending ,completing or relating thereto.

ARTICLE (11) :

The National Oil Corporation and Occidental of Libya Inc., shall as from the effective date of this Law , and each in proportion to its participation share as prescribed in Article (9) , own undivided and indivisible share of the crude oil and other hydrocarbons produced.

ARTICLE (12) :

The employees and workers of Occidental of Libya Inc., shall continue to perform their duties in compliance with their respective status and their current employment contracts .No one thereof may leave his work or refrain therefrom unless released by a decision issued by the Management Committee referred to in Article (7) .

ARTICLE (13) :

Any contract,act,or decision taken ,concluded or carried out in contradiction with the provisions of this Law shall be deemed null .Banks,organizations or individuals are prohibited to pay any amount or settle any claim or commitment due to the Company referred

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ART. (13) ..CONTD.,

.. to in Article (1) , except with the approval of the Management Committee referred to in Article (7) of this Law.

ARTICLE (14) :

Whoever commits an offence in contradiction with any of the provisions of this Law shall be subject to imprisonment for a period not exceeding two years and a fine not exceeding Five Hundred Dinars or both penalties .

Whoever fails to comply with the provisions of the preceding Article shall be sentenced to pay an amount equivalent to three times the amount lost by the State as a result to his offence.

ARTICLE (15)

The Minister of Petroleum shall execute this Law , which shall come into force as from the date of its issue , and shall be published in the Official Gazette.

THE REVOLUTIONARY COMMAND COUNCIL

Major Abdussalam Ahmed Jalloud

Prime Minister

Ezzidin El Mabrouk

Minister of Petroleum

Issued on Rajab , 1393 H.

Corresponding to August, 1973 A.D.